

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY SANTIAGO IMMEDIATE

AMEMBASSY PANAMA IMMEDIATE

C O N F I D E N T I A L STATE 071687

EXDIS

FM TREAS SHULTZ/HENNESSY

E.O. 11652: GDS

TAGS: CI, OVIP, PFOR, PINS

SUBJ: SHULTZ-PINOCHET MEETING

REF: SANTIAGO 1687, O P 031800Z APR 74

FOR YOUR OFFICIAL RECORD SECRETARY SHULTZ HAS REVISED REFTEL
TO READ AS FOLLOWS IN CLEARED VERSION:

1. SUBSTITUTE FOLLOWING FOR PARA. 11:

"11. IN THIS REGARD, THE SECRETARY WENT ON, THE ENTIRE
WORLD ECONOMY WAS IN A SENSE IN TURMOIL, AND THIS CREATED
MANY DIFFICULTIES FOR ALL GOVERNMENTS. IT IS ALL TOO
EASY AND COMMON FOR GOVERNMENTS TO MAKE MAJOR MISTAKES
BY GEARING THEIR POLICIES TO THE SYMPTOMS OF A PROBLEM
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RATHER THAN ITS UNDERLYING CAUSES. CITING A PURELY

DOMESTIC EXAMPLE, SECRETARY SHULTZ NOTED THAT IN THE UNITED STATES LAST SUMMER, PEOPLE WANTED LOWER PRICES, ESPECIALLY FOR FOOD, AND THERE HAD BEEN GREAT EMPHASIS ON THE HIGH PRICE OF CHICKENS. OVER THE OBJECTIONS OF PROFESSIONAL ECONOMISTS, PRICE CEILINGS HAD BEEN PUT ON BROILERS. WHAT HAPPENED WAS THAT FARMERS WHO COULD NOT COVER THEIR COSTS OF PRODUCING THEM STARTED TO DROWN THEIR LITTLE CHICKS. THIS WAS A PREDICTABLE RESULT FOR ECONOMISTS, AND THE KIND OF THING THAT WAS HAPPENING ALL OVER THE WORLD TODAY, WHERE THE PURSUIT OF A POLICY OBJECTIVE WITHOUT DUE REGARD TO THE UNDERLYING ECONOMIC REALITIES OFTEN TURNS OUT TO BE COUNTERPRODUCTIVE. THE SECRETARY APPRECIATED THE PROBLEMS CONFRONTING DEVELOPING COUNTRIES. BUT IT HAD TO BE REMEMBERED THAT ECONOMIC LAWS WERE RELENTLESS, AND THAT ECONOMIC PROBLEMS HAD TO BE WORKED OUT WITH DUE REGARD FOR THEM, AND NOT BY WORKING AGAINST THEM. THIS HAD BEEN THE AMERICAN EXPERIENCE."

2. THIRD SENTENCE OF PARA. 13, WHICH CAME GARBLED, SHOULD READ AS FOLLOWS:

"ONE PROBLEM INVOLVED WAS THE MATTER OF THE PRESERVATION OF HUMAN RIGHTS, WHICH PRESIDENT PINOCHET HAD MENTIONED IN THE ADDRESS TO THE IDB APRIL 1."

3. SUBSTITUTE FOLLOWING FOR PARA. 15:

"15. THEIR FINDINGS MIGHT INTEREST THE PRESIDENT. THE SECRETARY HAD MET WITH THEM AT NOON APRIL 2 AND HAD FOUND THAT THEY CAME AWAY WITH A BASICALLY FAVORABLE IMPRESSION OF WHAT THEY HAD SEEN IN CHILE. THEY FOUND AN OPEN COMMUNITY, NOT ONE WITH THE FEELING OF BEING OVERWHELMED OR OPPRESSED IN ANY STRENUOUS WAY. ON THE OTHER HAND THEY HAD EXPRESSED CONCERN REGARDING THE QUESTION WHETHER JUSTICE WOULD BE APPLIED ON AN EVEN-HANDED BASIS. THEY WERE CONCERNED THAT PERSONS WERE HELD AND TRIED IN A PROPER JUDICIAL AND LEGAL WAY. ACCORDINGLY, THEY HAD WELCOMED THE COMMENTS ON HUMAN RIGHTS IN PRESIDENT PINOCHET'S SPEECH TO THE BANK AND ASSUMED THAT OVER TIME HIS ANNOUNCED RESPECT FOR

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HUMAN RIGHTS WOULD BE FULLY IMPLEMENTED IN THE COUNTRY."

4. CHANGE LAST SENTENCE OF PARA. 16 TO READ AS FOLLOWS:

"SECOND, IF TRIALS HAD STARTED EARLY ON, THEY WOULD INEVITABLY HAVE BEEN BIASED BECAUSE THERE WAS HATE ON BOTH SIDES IN THE COUNTRY."

5. CHANGE SECOND SENTENCE OF PARA. 17 TO READ:

"UNFORTUNATELY, THE LAW DID NOT COVER IN PRECISE TERMS ALL OF THE PRESUMED OFFENSES, SUCH AS PREPARATIONS WHICH HAD BEEN UNDER WAY FOR MASS MURDERS OR THE KIND OF STEALING AND EXTORTION IN WHICH SOME OF THE ACCUSED WERE INVOLVED."

6. CHANGE LAST SENTENCE OF PARA. 19 TO READ:

"IT WAS SAID IN A HUMOROUS WAY THAT IN THE US MEN HAD THE LAST WORD: "O.K." RUSH

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